

To the Point

EPA – final guidance

EPA issues final rule rescinding endangerment finding and vehicle emission standards

Other federal agencies may need to consider the impact of the EPA's final rule on their own regulations.

What you need to know

- ▶ The EPA finalized a rule rescinding the 2009 endangerment finding, which is considered to be the legal basis for its GHG emission regulations and subsequent federal GHG emission standards for vehicles and engines applicable to model years beginning in 2012.
- ▶ Entities are no longer required to measure, report, certify or comply with the EPA's GHG emission standards for motor vehicles.
- ▶ The rule is effective 20 April 2026.
- ▶ Several lawsuits have been filed challenging the rule, and more legal actions are expected. Follow-on rulemaking by other agencies may also occur, contributing to ongoing regulatory uncertainty.

Overview

The Environmental Protection Agency (EPA) issued a **final rule** rescinding the 2009 Endangerment and Cause or Contribute Findings for Greenhouse Gases Under Section 202(a) of the Clean Air Act (endangerment finding) and eliminating its federal greenhouse gas (GHG) emission standards for motor vehicles and engines applicable to model years beginning in 2012.

The EPA had issued the endangerment finding after concluding that concentrations of six GHGs in the atmosphere – carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride – posed a public health threat. The endangerment finding served as the legal basis for the EPA's authority to regulate GHG emissions under the Clean Air Act (CAA).

Section 202(a)(1) of the CAA directs the EPA to prescribe emission standards for new motor vehicles and engines whose emissions are determined by the EPA to cause or contribute to air pollution that may reasonably be anticipated to pose a public health threat.

The EPA's federal GHG emission standards for light-, medium- and heavy-duty vehicles and engines began with the 2012 model year and formed the basis for a broader regulatory framework that included measurement, reporting, certification, compliance and crediting requirements for certain entities. The endangerment finding was also part of the legal basis for additional GHG-related regulations issued under the CAA.

The rescission is expected to increase regulatory uncertainty. Several lawsuits have already been filed, and more legal challenges are anticipated. Additionally, other federal agencies may consider the impact of the rescission on their own regulations.

Key considerations

The EPA's final rule, effective 20 April 2026, rescinds the endangerment finding and eliminates its federal GHG emission standards for motor vehicles and engines applicable to model years beginning in 2012. The rule repeals the EPA's federal GHG emission standards for light-, medium- and heavy-duty on-highway vehicles and engines and the associated measurement, reporting, certification, compliance and crediting requirements tied to those vehicle standards. It also eliminates all off-cycle GHG credits, including those related to engine start-stop systems.

Entities should account for the rescission's impact as of the 20 April 2026 effective date.

Implications for other regulations

The endangerment finding served as part of the legal basis for other GHG emissions-related regulations issued under the CAA. Its rescission may introduce uncertainty over the continued legal support for certain existing EPA programs (e.g., regulations related to emissions from oil and gas operations), even if they are not directly addressed in the rule.

Other federal agencies that have referenced the endangerment finding in their regulations include the Department of Energy, the Department of the Interior (including the Bureau of Land Management and the Bureau of Ocean Energy Management), the Department of Transportation, the Office of Management and Budget, and the Council on Environmental Quality. However, these agencies have not used the endangerment finding as a legal basis for their regulations.

The rescission could make it harder for future administrations to implement climate rules under the same statutory authorities. Future administrations seeking to re-establish federal GHG standards under the CAA would need to undertake new rulemaking, including the required cost-benefit analysis.

How we see it

While the rescission does not affect the legal validity of regulations of other agencies, it may prompt them to reassess the rationale underlying previous decisions, which may contribute to broader regulatory and policy uncertainty.

Legal challenges

Several lawsuits were filed shortly after the rule was announced and additional legal challenges are expected. These actions could delay or alter the rule's impact, including court-ordered stays or remands, which could pause implementation of the repeal or require further EPA action.

Previous challenges relating to the endangerment finding have taken years to resolve. In *Massachusetts v. EPA*, 549 US 497 (2007), the Supreme Court found that GHGs are air pollutants covered by the CAA and required the EPA to determine whether GHG emissions from new motor vehicles cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare, or whether the science was too uncertain to make a reasoned decision. The Supreme Court's decision led to the endangerment finding.

The US Court of Appeals for the DC Circuit in 2012 upheld the endangerment finding and related GHG regulations. The same court rejected challenges to the endangerment finding in 2023.

How we see it

The effects of the rule on other agencies' regulations and related litigation are expected to emerge over time. Companies should closely monitor developments and be prepared to address near-term compliance and planning considerations.

EY | Building a better working world

© 2026 Ernst & Young LLP.
All Rights Reserved.

SCORE No. 30049-261US

ey.com/en_us/technical/accountinglink

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.